



**United States Attorney's Office
Eastern District of Michigan**

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PRESS RELEASE

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FORMER DETROIT MAYOR KWAME KILPATRICK INDICTED ON FRAUD AND TAX CHARGES

Former City of Detroit Mayor Kwame M. Kilpatrick, 40, of Southlake, Texas, was indicted today by a federal grand jury with ten counts of mail fraud, three counts of wire fraud, five counts of filing a false tax return, and one count of tax evasion, United States Attorney Barbara L. McQuade announced. Each fraud count carries a maximum sentence of 20 years imprisonment and a fine of \$250,000, and each tax count carries a maximum sentence of 3 or 5 years and a fine of \$250,000.

McQuade was joined in the announcement by Maurice Aouate, Special Agent in Charge of the Detroit Field Office of the Internal Revenue Service and Andrew G. Arena, Special Agent In Charge of the Detroit Field Office of the Federal Bureau of Investigation.

As to the mail and wire fraud charges, the indictment alleges that, beginning in 1999, Kwame Kilpatrick devised a scheme to use the Kilpatrick Civic Fund, a tax-exempt social welfare organization registered with the Internal Revenue Service, to pay

for personal expenses and to fund his mayoral campaigns in 2001 and 2005. The indictment also alleges that, despite public statements and letters maintaining that Civic Fund donations went to pay for voter education and to improve the lives of the citizens of Detroit and surrounding communities, Kilpatrick used Civic Fund monies to pay himself cash kickbacks, which he took from the paychecks of an individual employed by the Civic Fund, to provide money to friends and relatives, and to pay for items such as counter-surveillance and anti-bugging equipment, yoga and golf lessons, golf clubs, summer camp for his children, personal travel, moving expenses, car rentals, and leases of cars and a personal residence. The indictment further alleges that Kilpatrick used the Civic Fund to pay for campaign expenses, including polling, focus groups, public relations and political consulting.

The tax charges in the indictment allege that, while Mayor of Detroit, Kilpatrick received unreported taxable income of at least \$640,000 between 2003 and 2008, including cash, private jet flights, and personal expenses paid for by the Civic Fund. The indictment alleges that Kilpatrick filed false tax returns, failing to declare this income in tax years 2003 through 2007, and that he evaded taxes in tax year 2008.

United States Attorney McQuade said: "It is important that public officials not escape prosecution just because they leave office. Public officials need to be held accountable to deter them and others from cheating our citizens in the future."

Special Agent in Charge Arena stated, "This indictment and the associated charges are part of the continuing investigation into the corruption that has long plagued the City of Detroit. The FBI will continue to investigate and expose the public officials and their associates who participate in these schemes involving blatant greed."

Special Agent in Charge Maurice Aouate stated, "No one is above the law. This indictment sends a clear message that those who make up their own rules based on fraud and deceit will be prosecuted."

Kilpatrick will be arraigned on Tuesday, July 13, 2010 at 1 pm.

The investigation of this case was conducted by the Internal Revenue Service and the Federal Bureau of Investigation. The case is being prosecuted by Assistant U.S. Attorney R. Michael Bullotta and Assistant U.S. Attorney Mark D. Chutkow.

An indictment is only a charging document and is not evidence of guilt. A defendant is entitled to a fair trial in which it will be the government's burden to prove guilt beyond a reasonable doubt.